

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF MT.)	CASE NO. 7800-D
OLIVET NATURAL GAS COMAPNY, INC.)	

O R D E R

On July 31, 1981, Columbia Gas Transmission Corporation ("Transmission") filed with the Federal Energy Regulatory Commission ("FERC") revised tariff sheets to its FERC Gas Tariff, Original Volume No. 1. Transmission has placed an effective date of Spetember 1, 1981, upon the effected tariff sheets. This Commission has no jurisdiction in that case.

On November 9, 1978, the President of the United States signed into law the Natural Gas Policy Act of 1978, which established significantly higher rates for producers of certain categories of natural gas. This federal legislation has resulted in higher gas costs to interstate pipeline companies serving the various gas consuming states, including Kentucky. Once the FERC approves the right of these interstate transmission companies to pass this increased cost on to its distribution company customers, state commissions must, in turn, pass on the matter of intrastate distributors recovering their increased cost of gas by adjusting their basic rates to their customers.

On October 13, 1980, the Commission issued its Order in Case No. 7800 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On August 5, 1981, Mt. Olivet Natural Gas Company, Inc., ("Applicant") notified the Commission that its wholesale cost of gas would be increased by its supplier, Transmission, effective September 1, 1981, and submitted with its notice certain information in compliance with this Commission's Order of October 13, 1980. The notice set out certain revisions in rates which the Applicant proposed to place in effect, said rates being designed to increase the cost of natural gas of its supplier in the amount of \$39,683.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds that:

1. The Commission has long stated (in writing to FERC) its opposition to the procedures and regulations used by the federal energy regulatory agency in approving these supplier increases. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

2. The FERC approval of a wholesale rate increase to a Kentucky gas retailer requires approval by the Commission of rates that will permit the Kentucky utility to adjust its customer charges

to reflect the added purchase cost or alternately the utility must absorb the added cost. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unjust to the company and would ultimately result in higher rates to its consumers in any event.

3. When the FERC "accepts" Transmission's filing, Transmission will begin charging the Applicant the new rates. This Order cannot be implemented until and unless this occurs.

4. The Applicant's supplier, Transmission, has filed with the FERC for increased rates to become effective September 1, 1981.

5. This increase reflects Transmission's rates as filed with FERC on July 31, 1981, to be effective September 1, 1981.

6. The Commission should allow the Applicant to place into effect, subject to refund, the rates set out in Appendix A as soon as Transmission's filing is "accepted" by FERC but not prior to September 1, 1981.

7. The Applicant's adjustment in rates under the Purchased Gas Adjustment Clause approved by the Commission in its Order in Case No. 7800 dated October 13, 1980, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

IT IS THEREFORE ORDERED that said Purchased Gas Adjustment sought by the Applicant and adjusted as aforesaid mentioned be and the same is hereby approved to be effective subject to refund;

with gas supplied on and after the date the increased cost of wholesale gas becomes effective ("acceptance" by FERC) as set out in Appendix A attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Applicant shall maintain its records in such manner as will enable it, or the Commission, or any of its customers to determine the amount to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that for the purpose of the future application of the Purchased Gas Adjustment Clause of the Applicant the base rate for purchased gas shall be:

	<u>Demand</u>	<u>Commodity</u>
Columbia Gas Transmission Corporation	-	\$ 3.6217
Columbia LNG Corporation	-	\$ 6.0743*

*Includes Transportation Charge of \$0.2743

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on August 5, 1981, constitutes full compliance with the Commission's Order in Case No. 7800 and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

IT IS FURTHER ORDERED that within 30 days after the date the increased cost of wholesale gas becomes effective, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 26th day of August, 1981.

PUBLIC SERVICE COMMISSION

Michael N. Voth

For the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY
COMMISSION IN CASE NO. 7800-D DATED AUGUST 26,
1981

The following rates are prescribed for the customers in the area served by Mt. Olivet Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

First	1,000 cu. ft. or less	6.78 (Minimum)
Next	4,000 cu. ft. per 1,000 cu. ft.	5.0419
Next	5,000 cu. ft. per 1,000 cu. ft.	4.8419
Next	10,000 cu. ft. per 1,000 cu. ft.	4.6919
Over	20,000 cu. ft. per 1,000 cu. ft.	4.4919